



## **CAFTA FACTS**

### **Rising Deficits, Small Markets**

**Prepared by the Office of Congressman Sherrod Brown**

The U.S. trade deficit has jumped from \$39 billion in 1992 to \$618 billion in 2004. The U.S. went from a \$5 billion trade surplus with Mexico in 1992 to a \$45 billion deficit in 2004. The U.S. deficit with China has risen from \$18 billion in 1992 to a staggering \$161 billion in 2004. There should be no new trade agreements until we deal with these deficits.

Passing CAFTA will not help cure America's China problems or reduce our record trade deficit. The United States needs to slow down and get China under control before we expand trade agreements they can abuse.

A decade of failed trade policies—NAFTA, WTO, PNTR—has cost us jobs, hurt farmers, and destroyed small manufacturers.

The big trade agreement being pushed on Congress is CAFTA. But the combined purchasing power of the CAFTA nations is close to the purchasing power of Columbus, Ohio, or New Haven, Connecticut. The U.S. economy, with a \$10 trillion GDP in 2002, is 170 times bigger than the economies of the CAFTA nations.

CAFTA is not about robust markets for the export of American goods—Central American workers cannot afford them—40 percent of workers in the region labor for less than two dollars a day—putting them below the global poverty level.

Trade pacts like NAFTA and CAFTA enable companies to exploit cheap labor in other countries, then import their products back to the U.S. under favorable terms.

The last four FTAs Congress voted on averaged 55 days between the president's signature and coming to the floor of the House. May 28 will mark the 1-year anniversary of when the President signed CAFTA.

Because CAFTA is so unpopular and trade policy in this country is so wrong-headed, it has not come up for a vote.

If CAFTA were the silver bullet its supporters say, why hasn't it been brought to a vote? Because it would lose. Over the past 12 years--through NAFTA, WTO, PNTR with China, and other FTAs--the American people have come to understand that our trade policy has failed them.

CAFTA is dead in the water. If they can't bring it up for a vote by their self-imposed Memorial Day deadline, USTR should head back to the negotiating table.

The American people know, and Congress now understands, that CAFTA--the dysfunctional cousin of NAFTA--continues a legacy of failed trade policies.